

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS EXAMINATION REPORT

OF

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT

STARKE COUNTY, INDIANA

January 1, 2011 to December 31, 2014



FILED
02/12/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	Todd Lawrence	07-01-10 to 06-30-16
President of the Board	Todd Lawrence	07-01-10 to 06-30-16



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE BAILEY-COX-NEWTSON CONSERVANCY
DISTRICT, STARKE COUNTY, INDIANA

We were engaged to examine the accompanying financial statements of the Bailey-Cox-Newton Conservancy District (District), for the period of January 1, 2011 to December 31, 2014. The financial statements are the responsibility of the District's management.

The District did not provide adequate, complete financial records. The District's records do not permit the application of other examination procedures to ascertain if the financial statements are fairly stated.

Since the District did not provide adequate, complete financial records and we were not able to apply other examination procedures to satisfy ourselves as to whether the financial statements are fairly stated, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

Our examination was conducted for the purpose of forming an opinion on the District's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures and, accordingly, we express no opinion on them.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 15, 2015

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FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the District.
The financial statements and notes are presented as intended by the District.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2011 and 2012

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11	Receipts	Disbursements	Cash and Investments 12-31-12
Cumulative Maintenance	\$ 7,358	\$ 3,504	\$ 2,290	\$ 8,572	\$ 3,456	\$ 1,345	\$ 10,683
Debt Service	(6,921)	39,197	32,277	(1)	30,797	31,564	(768)
Operation And Maintenance	<u>34,719</u>	<u>63,682</u>	<u>61,559</u>	<u>36,842</u>	<u>47,706</u>	<u>31,772</u>	<u>52,776</u>
Totals	<u>\$ 35,156</u>	<u>\$ 106,383</u>	<u>\$ 96,126</u>	<u>\$ 45,413</u>	<u>\$ 81,959</u>	<u>\$ 64,681</u>	<u>\$ 62,691</u>

The notes to the financial statements are an integral part of this statement.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
Cumulative Maintenance	\$ 10,683	\$ 3,662	\$ 3,414	\$ 10,931	\$ 5,494	\$ 5,720	\$ 10,705
Debt Service	(768)	35,957	31,804	3,385	48,142	31,984	19,543
Operation And Maintenance	<u>52,776</u>	<u>38,958</u>	<u>29,720</u>	<u>62,014</u>	<u>61,069</u>	<u>55,473</u>	<u>67,610</u>
Totals	<u>\$ 62,691</u>	<u>\$ 78,577</u>	<u>\$ 64,938</u>	<u>\$ 76,330</u>	<u>\$ 114,705</u>	<u>\$ 93,177</u>	<u>\$ 97,858</u>

The notes to the financial statements are an integral part of this statement.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The District was established under the laws of the State of Indiana. The District operates under an appointed governing board.

The accompanying financial statements present the financial information for the District.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the District.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the District. It includes all expenditures for the reduction of the principal and interest of the District's general obligation indebtedness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The District may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the District. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the District. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the District in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the District submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the District in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. *Deposits and Investments*

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. *Risk Management*

The District may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the District to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. *Cash Balance Deficits*

The financial statements contain some funds with deficits in cash. This is a result of disbursements exceeding receipts and available cash balance.

OTHER INFORMATION - UNAUDITED

The District's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the District which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant's Report.

The other information presented was approved by management of the District. It is presented as intended by the District.

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2011

	<u>Cumulative Maintenance</u>	<u>Debt Service</u>	<u>And Maintenance</u>	<u>Totals</u>
Cash and investments - beginning	\$ 7,358	\$ (6,921)	\$ 34,719	\$ 35,156
Receipts:				
Taxes	<u>3,504</u>	<u>39,197</u>	<u>63,682</u>	<u>106,383</u>
Total receipts	<u>3,504</u>	<u>39,197</u>	<u>63,682</u>	<u>106,383</u>
Disbursements:				
Personal services	-	-	1,822	1,822
Other services and charges	-	-	59,737	59,737
Debt service - principal and interest	-	31,927	-	31,927
Other disbursements	<u>2,290</u>	<u>350</u>	<u>-</u>	<u>2,640</u>
Total disbursements	<u>2,290</u>	<u>32,277</u>	<u>61,559</u>	<u>96,126</u>
Excess (deficiency) of receipts over disbursements	<u>1,214</u>	<u>6,920</u>	<u>2,123</u>	<u>10,257</u>
Cash and investments - ending	<u>\$ 8,572</u>	<u>\$ (1)</u>	<u>\$ 36,842</u>	<u>\$ 45,413</u>

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2012

	<u>Cumulative Maintenance</u>	<u>Debt Service</u>	<u>And Maintenance</u>	<u>Totals</u>
Cash and investments - beginning	\$ 8,572	\$ (1)	\$ 36,842	\$ 45,413
Receipts:				
Taxes	<u>3,456</u>	<u>30,797</u>	<u>47,706</u>	<u>81,959</u>
Total receipts	<u>3,456</u>	<u>30,797</u>	<u>47,706</u>	<u>81,959</u>
Disbursements:				
Personal services	-	-	1,167	1,167
Other services and charges	-	-	30,605	30,605
Debt service - principal and interest	-	31,214	-	31,214
Other disbursements	<u>1,345</u>	<u>350</u>	<u>-</u>	<u>1,695</u>
Total disbursements	<u>1,345</u>	<u>31,564</u>	<u>31,772</u>	<u>64,681</u>
Excess (deficiency) of receipts over disbursements	<u>2,111</u>	<u>(767)</u>	<u>15,934</u>	<u>17,278</u>
Cash and investments - ending	<u>\$ 10,683</u>	<u>\$ (768)</u>	<u>\$ 52,776</u>	<u>\$ 62,691</u>

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	<u>Cumulative Maintenance</u>	<u>Debt Service</u>	<u>And Maintenance</u>	<u>Totals</u>
Cash and investments - beginning	\$ 10,683	\$ (768)	\$ 52,776	\$ 62,691
Receipts:				
Taxes	<u>3,662</u>	<u>35,957</u>	<u>38,958</u>	<u>78,577</u>
Total receipts	<u>3,662</u>	<u>35,957</u>	<u>38,958</u>	<u>78,577</u>
Disbursements:				
Personal services	-	-	853	853
Other services and charges	-	-	28,867	28,867
Debt service - principal and interest	-	31,454	-	31,454
Other disbursements	<u>3,414</u>	<u>350</u>	<u>-</u>	<u>3,764</u>
Total disbursements	<u>3,414</u>	<u>31,804</u>	<u>29,720</u>	<u>64,938</u>
Excess (deficiency) of receipts over disbursements	<u>248</u>	<u>4,153</u>	<u>9,238</u>	<u>13,639</u>
Cash and investments - ending	<u>\$ 10,931</u>	<u>\$ 3,385</u>	<u>\$ 62,014</u>	<u>\$ 76,330</u>

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	<u>Cumulative Maintenance</u>	<u>Debt Service</u>	<u>Operation And Maintenance</u>	<u>Totals</u>
Cash and investments - beginning	\$ 10,931	\$ 3,385	\$ 62,014	\$ 76,330
Receipts:				
Taxes	<u>5,494</u>	<u>48,142</u>	<u>61,069</u>	<u>114,705</u>
Total receipts	<u>5,494</u>	<u>48,142</u>	<u>61,069</u>	<u>114,705</u>
Disbursements:				
Other services and charges	-	-	55,473	55,473
Debt service - principal and interest	-	31,634	-	31,634
Other disbursements	<u>5,720</u>	<u>350</u>	<u>-</u>	<u>6,070</u>
Total disbursements	<u>5,720</u>	<u>31,984</u>	<u>55,473</u>	<u>93,177</u>
Excess (deficiency) of receipts over disbursements	<u>(226)</u>	<u>16,158</u>	<u>5,596</u>	<u>21,528</u>
Cash and investments - ending	<u>\$ 10,705</u>	<u>\$ 19,543</u>	<u>\$ 67,610</u>	<u>\$ 97,858</u>

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 4,347	\$ -
	\$ 4,347	\$ -

BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
 SCHEDULE OF LEASES AND DEBT
 December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Conservancy District Refunding Bonds of 2003	\$ <u>207,000</u>	\$ <u>31,731</u>

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BAILEY-COX-NEWTSON CONSERVANCY DISTRICT
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	<u>Ending Balance</u>
Governmental activities:	
Machinery and Equipment	<u>\$ 249,000</u>

OTHER REPORTS

In addition to this report, other reports may have been issued for the District. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.